

## Message Text

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ACTION EB-07

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INFO AMCONSUL MELBOURNE

LIMITED OFFICIAL USE CANBERRA 3166

E.O. 11652: N/A

TAGS: EAIR, ENRG, AS

SUBJECT: CIVAIR: AVIATION FUEL PRICES AND TERMINAL RENTS ISSUES  
RESOLVED IN PANAM'S FAVOR

REF: (A) MELBOURNE 0183 (B) MELBOURNE 0177

1. SUMMARY: ON APRIL 27 COMMONWEALTH COURT OVERTURNED FORMER LABOR GOVERNMENT ATTEMPT TO IMPLEMENT SIX-FOLD INCREASE IN RENTS CHARGED PANAM AT SYDNEY INTERNATIONAL TERMINAL AS PART OF FORMER GOVERNMENT'S "USER PAYS" POLICY. TWO DAYS LATER MINISTER FOR NATIONAL RESOURCES ANTHONY ANNOUNCED THAT GOA WAS AMENDING CUSTOMS REGULATIONS TO REMOVE FROM EXPORT CONTROL AVIATION FUEL SUPPLIED INTERNATIONAL AIRLINES, THUS ELIMINATING BASIS ON WHICH HIGHER AVTUR PRICES COULD BE COLLECTED. END SUMMARY.

2. IN TERMINAL RENT CASE LABOR GOVERNMENT HAD ATTEMPTED TO INCREASE PANAM'S ANNUAL RENT FROM A\$46,000 TO A\$280,000, BASED ON PANAM TRAFFIC THROUGH TERMINAL, ON GROUNDS (1) THAT FORMAL LEASE DOCUMENTS HAD NOT BEEN EXECUTED AND EXCHANGED WHICH BOUND COMMONWEALTH TO LOWER RENT FIGURE AND (2) THAT COMMONWEALTH HAD RIGHT TO REVIEW TERMS OF AGREEMENT WITH AIRLINES IN ANY EVENT. PANAM TOOK CASE TO COURT, WHICH HELD THAT AGREEMENT WAS IN FACT BINDING AND THAT "ENORMOUS" RENT INCREASE  
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CONTEMPLATED WAS OUTSIDE THE AGREEMENT AND THUS

INVALID. JUDGEMENT ALSO APPEARS TO MEAN THAT INTERNATIONAL AIRLINES ARE SAFE FROM FURTHER RENT "REVIEWS" FOR DURATION OF THEIR LEASES.

3. IN FUEL PRICE CASE ANTHONY STATEMENT READS AS FOLLOWS:  
QTE THE GOVERNMENT IS AMENDING THE CUSTOMS (PROHIBITED EXPORTS) REGULATIONS TO REMOVE FROM EXPORT CONTROL AVIATION FUEL SUPPLIED INTO THE FUEL TANKS OF INTERNATIONAL AIRCRAFT.

QTE THIS COMMODITY WAS BROUGHT UNDER CONTROL IN DECEMBER 1973 AT A TIME OF SHORTAGE AND POTENTIAL SHORTAGE OF SUPPLY. THESE SHORTAGES NO LONGER EXIST.

QTE THE FORMER LABOR GOVERNMENT HAD ENVISAGED THAT RECEIPT, PURSUANT TO THE EXPORT CONTROL, OF HIGHER PRICES FOR SALES OF AVIATION FUEL TO INTERNATIONAL AIRCRAFT, WOULD HAVE LED TO A CORRESPONDING REDUCTION IN OR CONTAINMENT OF THE PRICE OF OTHER PETROLEUM PRODUCTS. QTE IN PRACTICE THIS RESULT HAD BEEN ILLUSORY AND EVEN IF IT HAD BEEN ACHIEVED, IT WOULD, APPLIED EXCLUSIVELY TO MOTOR SPIRIT, HAVE AMOUNTED TO LESS THAN ONE-FIFTH OF A CENT A LITRE.

QTE MR. ANTHONY SAID THAT THE GOVERNMENT HAD DECIDED, IN THESE CIRCUMSTANCES TO REMOVE THE ITEM FROM EXPORT CONTROL. END QTE.

4. PANAM HAD ALSO CHALLENGED LABOR GOVERNMENT MOVE TO ENFORCE "INTERNATIONAL PARITY PRICE" FOR AVIATION FUEL IN COURTS AND IT SEEMED DOUBTFUL THAT LABOR GOVERNMENT POLICY WOULD HAVE SURVIVED THIS CHALLENGE IN ANY CASE.  
HARGROVE

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## Message Attributes

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